

TOWN OF YARROW POINT
King County, Washington
January 1, 1992 Through December 31, 1992

Schedule Of Findings

1. Annual Financial Reports Should Be Accurate, Complete, And Filed Timely

The Town of Yarrow Point's 1992 annual financial reports contained errors and deficiencies as follows:

- a. Ending cash and investment balances were overstated \$8,859.
- b. Beginning cash and investment balances in the General, Street, and Capital Improvement Funds did not agree to 1991 ending balances.
- c. Property tax revenues were overstated \$22,906.
- d. Notes to Financial Statements were not prepared
- e. The Schedule of Long-Term Debt was not prepared.
- f. The Schedule of State Financial Assistance was not prepared.
- g. Various required supporting schedules were not prepared.

Further, the town did not prepare and submit the reports in a timely manner. The annual report for 1992 was not submitted until September of 1993.

RCW 43.09.230 states:

The state auditor shall require from every taxing district . . . financial reports . . . in accordance with the forms and methods prescribed by the state auditor . . .

Such reports shall be prepared, certified, and filed with the division within one hundred fifty days after the close of each fiscal year . . .

The reports shall contain accurate statements

Failure to prepare accurate, complete, and timely annual financial reports denies the taxpayers and investors a complete picture of the town's financial position, and precludes the town council from having meaningful information for decision making.

These reporting deficiencies were due to personnel changes and the implementation of a new accounting system.

The statements and schedules contained in this report have been corrected with the assistance of the auditor, resulting in additional audit expense.

We recommend town officials:

- a. Review and apply the BARS manual procedures set forth by the State Auditor.
- b. Take greater care in the preparation of the annual financial reports to ensure their accuracy, completeness, and timeliness.
- c. Perform a thorough reconciliation and review of the reports prior to issuance to detect errors or omissions.

2. The Annual Street Report Should Be Prepared

The Town of Yarrow Point's annual street report, which details street related revenues and expenditures, was not prepared for 1992.

RCW 35.21.260 states:

The governing authority of each city and town on or before March 31st of each year shall submit such records and reports regarding street operations in the city or town to the secretary of transportation on forms furnished by him . . . to compile an annual report thereon.

When street reports are not prepared and submitted to the Washington State Secretary of Transportation, the town's street related revenues and expenditures are not included in the department's annual statistical report.

The street report was not prepared due to personnel changes.

We recommend town officials prepare and submit annual street reports.

3. Expenditures Must Be Limited To Appropriations

Our examination of the Town of Yarrow Point's 1992 budget operations revealed that expenditures exceeded appropriations in its Capital Improvement I Fund (Fund 301) by \$2,110.

RCW 35.33.125 states:

Liabilities incurred by any officer or employee of the city or town in excess of any budget appropriations shall not be a liability of the city or town. The clerk shall issue no warrant and the city or town legislative body or other authorized person shall approve no claim for an expenditure in excess of the total amount appropriated for any individual fund

The budget overrun occurred due to insufficient monitoring of fund expenditures.

In addition to violating state law, this situation limits the usefulness of the budget process as a tool for controlling expenditures.

We recommend town officials monitor expenditures more closely to ensure that budgetary appropriations are not exceeded in any fund.